

The following described lands will be offered for oil and gas leasing through oral competitive bidding in the Department of Transportation auditorium, 2701 Prospect Avenue, Helena, Montana, beginning at 9:00 am, September 3, 2003.

Tract	Stip	Twp	Rge	Sec	Description	Acres	Bidder	Bid \$/Acre
Lessor: Dept. of Natural Resources & Conservation								
Blaine								
1	2, 3, 4, 5, 9	24.N	19.E	16	NW4, N2NE4, S2	560.00	_____	_____
2	1, 2, 3, 4, 5	26.N	20.E	16	ALL	640.00	_____	_____
3	1, 2, 3, 4, 5, 6	30.N	19.E	27	S2	* 320.00	_____	_____
Chouteau								
4	1, 2, 3, 4, 5, 6, 8	26.N	3.E	16	ALL	* 640.00	_____	_____
5	1, 2, 3, 4, 5, 6	26.N	16.E	22	E2W2, E2	* 480.00	_____	_____
6	1, 2, 3, 4, 5, 6	27.N	13.E	36	ALL	* 640.00	_____	_____
7	1, 2, 3, 4, 5	27.N	14.E	17	S2NW4, E2, SW4	560.00	_____	_____
8	1, 2, 3, 4, 5	27.N	14.E	21	ALL	640.00	_____	_____
9	1, 2, 3, 4, 5	27.N	14.E	29	ALL	640.00	_____	_____
10	1, 2, 3, 4, 5	27.N	14.E	30	LOTS 1, 2, 3, 4, E2W2, E2	627.40	_____	_____
Lewis and Clark								
11	2, 3, 4, 5, 9	14.N	5.W	6	LOTS 1, 2, 3, SE4NW4, S2NE4, SE4, E2SW4	478.53	_____	_____
12	2, 3, 4, 5, 9	15.N	5.W	30	SE4, S2SW4	240.00	_____	_____
13	2, 3, 4, 5, 9	15.N	6.W	36	ALL	640.00	_____	_____
14	2, 3, 4, 5, 9	15.N	7.W	2	LOTS 3, 4	86.23	_____	_____
15	2, 3, 4, 5, 6, 9	15.N	7.W	4	LOT 11, NE4SW4, S2SW4	* 160.00	_____	_____
16	2, 3, 4, 5, 9	15.N	7.W	10	S2NW4, SW4NE4, SW4	280.00	_____	_____
17	2, 3, 4, 5, 9	15.N	7.W	12	N2NE4, W2SE4, NE4SW4	200.00	_____	_____
18	2, 3, 4, 5, 9	16.N	6.W	34	SE4NE4, SE4	200.00	_____	_____
19	2, 3, 4, 5, 9	16.N	6.W	35	ALL	640.00	_____	_____
McCone								
20	1, 2, 3, 4, 5	26.N	50.E	16	ALL	640.00	_____	_____

Tract	Stip	Twp	Rge	Sec	Description	Acres	Bidder	Bid \$/Acre
Pondera								
21	1, 2, 3, 4, 5, 6	28.N	4.W	6	LOTS 1, 2, 3, 4	* 310.31	_____	_____
22	1, 2, 3, 4, 5, 6	28.N	5.W	1	LOT 1	* 76.17	_____	_____
23	1, 2, 3, 4, 5, 7	28.N	5.W	2	LOT 4	76.35	_____	_____
Powder River								
24	1, 2, 3, 4, 5, 6	6.S	50.E	14	W2SE4	* 80.00	_____	_____
25	1, 2, 3, 4, 5	6.S	50.E	16	ALL	640.00	_____	_____
26	1, 2, 3, 4, 5, 6	6.S	50.E	23	NE4, N2SE4, SE4SE4	* 280.00	_____	_____
27	1, 2, 3, 4, 5, 6	6.S	50.E	24	W2NW4, NW4SW4	* 120.00	_____	_____
28	1, 2, 3, 4, 5, 6	6.S	50.E	26	NE4NE4	* 40.00	_____	_____
29	1, 2, 3, 4, 5, 6	6.S	50.E	27	NW4	* 160.00	_____	_____
30	1, 2, 3, 4, 5, 6	6.S	50.E	28	E2E2, NW4SE4	* 200.00	_____	_____
31	1, 2, 3, 4, 5	6.S	50.E	36	ALL	640.00	_____	_____
32	1, 2, 3, 4, 5	6.S	51.E	36	NW4SE4, S2SE4	120.00	_____	_____
33	1, 2, 3, 4, 5	6.S	52.E	36	ALL	640.00	_____	_____
34	1, 2, 3, 4, 5	6.S	53.E	16	ALL	640.00	_____	_____
35	1, 2, 3, 4, 5	7.S	52.E	16	ALL	640.00	_____	_____
36	1, 2, 3, 4, 5	7.S	52.E	36	LOTS 1, 2, 3, 4, N2, N2S2	640.16	_____	_____
37	1, 2, 3, 4, 5	7.S	53.E	16	ALL	640.00	_____	_____
38	1, 2, 3, 4, 5	7.S	53.E	36	ALL	640.00	_____	_____
39	1, 2, 3, 4, 5	8.S	51.E	36	LOTS 1, 2, 3, 4, W2, W2E2	638.80	_____	_____
40	1, 2, 3, 4, 5	8.S	52.E	16	ALL	640.00	_____	_____
41	1, 2, 3, 4, 5	8.S	52.E	36	ALL	640.00	_____	_____
42	1, 2, 3, 4, 5	9.S	52.E	16	ALL	640.00	_____	_____
Richland								
43	1, 2, 3, 4, 5	22.N	56.E	16	ALL	640.00	_____	_____

44	1, 2, 3, 4, 5, 6	22.N	57.E	36	ALL	*	640.00	_____	_____
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Tract	Stip	Twp	Rge	Sec	Description	Acres	Bidder	Bid \$/Acre
45	1, 2, 3, 4, 5	22.N	58.E	14	W2	320.00	_____	_____
46	1, 2, 3, 4, 5	24.N	51.E	36	ALL	640.00	_____	_____
47	1, 2, 3, 4, 5	24.N	53.E	19	E2	320.00	_____	_____
Rosebud								
48	2, 3, 4, 5, 9	5.S	41.E	36	ALL	640.00	_____	_____
49	2, 3, 4, 5, 9	5.S	42.E	21	S2S2	160.00	_____	_____
50	2, 3, 4, 5, 9	5.S	42.E	27	LOT 7, SE4SW4	82.05	_____	_____
51	2, 3, 4, 5, 9	5.S	42.E	28	N2, SE4	480.00	_____	_____
Toole								
52	1, 2, 3, 4, 5, 6, 7	31.N	2.E	16	ALL	*	640.00	_____
53	1, 2, 3, 4, 5, 7	33.N	2.E	33	S2	320.00	_____	_____
54	1, 2, 3, 4, 5	34.N	3.E	16	ALL	640.00	_____	_____

Lessor: Dept. of Natural Resources & Conservation

Total Acres for Lessor 23,976.00

Total Tracts for 54

Total Acres for Lease 23,976.00

Total Tracts for Lease 54

* Part or all of tract is not state-owned surface

Additional lease stipulations are listed on the following pages. The STIP Column on the lease sale list identifies which stipulations will be attached to each tract.

Sight drafts will not be accepted. The State Board of Land Commissioners reserves the right to reject any and all bids. All payments are due within ten days after the date of sale.

Individuals with disabilities needing assistance or special services, please call Julie David at (406) 444-4576 at least 1 week

prior to the sale.

STATE BOARD OF LAND COMMISSIONERS

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Stipulations

1. Lessee shall notify and obtain approval from the Department's Trust Land Management Division (TLMD) prior to constructing well pads, roads, power lines, and related facilities that may require surface disturbance on the tract. Lessee shall comply with any mitigation measures stipulated in TLMD's approval.
2. Prior to the drilling of any well, lessee shall send one copy of the well prognosis, including Form 22 "Application for Permit" to the Department's Trust Land Management Division (TLMD). After a well is drilled and completed, lessee shall send one copy of all logs run, Form 4A "Completion Report", and geologic report to TLMD. A copy of Form 2 "Sundry Notice and Report of Wells" or other appropriate Board of Oil and Gas Conservation form shall be sent to TLMD whenever any subsequent change in well status or operator is intended or has occurred. Lessee shall also notify and obtain approval from the TLMD prior to plugging a well on the lease premises.

Issuance of this lease in no way commits the Land Board to approval of coal bed methane production on this lease. Any coal bed methane extraction wells would require subsequent review and approval by the board.

3. The TLMD will complete an initial review for cultural resources and, where applicable, paleontological resources of the area intended for disturbance and may require a resources inventory. Based on the results of the inventory, the TLMD may restrict surface activity for the purpose of protecting significant resources located on the lease premises.
4. The lessee shall be responsible for controlling any noxious weeds introduced by lessee's activity on State-owned land and shall prevent or eradicate the spread of those noxious weeds onto land adjoining the lease premises.
5. The definitions of "oil" and "gas" provided in 82-1-111, MCA, do not apply to this lease for royalty calculation purposes.
6. Lessee must contact the owner of the surface in writing at least 30 days prior to any surface activity. A copy of the correspondence shall be sent to TLMD.
7. The lessee is responsible to pay for all damages, including penalties and charges assessed by the USDA-CFSA on CRP lands, as a result of drilling and production on the tract. All damages will be assessed by and paid directly to the TLMD.
8. No surface occupancy of radio tower sites or related facilities is permitted without written approval of TLMD.
9. This lease includes areas that may be environmentally sensitive. Therefore, if the lessee intends to conduct any activities on the lease premises, the lessee shall submit to TLMD one copy of an Operating Plan or Amendment to an existing Operating Plan, describing in detail the proposed activities. No activities shall occur on the tract until the Operating Plan or Amendments have been approved in writing by the Director of the Department. TLMD shall review the Operating Plan or Amendment and notify the lessee if the Plan or Amendment is approved or disapproved.

After an opportunity for an informal hearing with the lessee, surface activity may be denied or restricted on all or portions of any tract if the Director determines in writing that the proposed surface activity will be detrimental to trust resources and therefore not in the best interests of the trust.

